

Exhibit 55

**Excerpts of Matthew Hedberg
Deposition Transcripts**

Matthew Hedberg
7/26/2024

1 UNITED STATES DISTRICT COURT
 2 SOUTHERN DISTRICT OF NEW YORK
 3
 4 SECURITIES AND EXCHANGE)
 COMMISSION,)
 5 Plaintiff,)
 6)
 v.) Civil Action No.
 7) 23-cv-9518-PAE
 SOLARWINDS CORP. and TIMOTHY G.)
 8 BROWN,)
 9 Defendants.)
 _____)

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 11
 12 Steve Smith, Videographer

13
 14 VIDEO DEPOSITION OF
 15 MATTHEW HEDBERG
 16 Friday, July 26, 2024
 17 8:37 a.m.

24 Reporter:
 Barbara J. Carey, RPR
 25 JOB No. 240726ICR

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1 VIDEO DEPOSITION OF MATTHEW HEDBERG,
 2 held pursuant to Notice of Taking Deposition and held at
 3 Dorsey Whitney LLP, 50 South Sixth Street, Suite 1500,
 4 Minneapolis, Minnesota 55402-1498, before Barbara J.
 5 Carey, Registered Professional Reporter.
 6 WHEREUPON, the following proceedings
 7 were duly had:
 8 THE VIDEOGRAPHER: Good morning. We are
 9 on the record. This is the videotaped deposition of
 10 Matt Hedberg in the matter of Securities & Exchange
 11 Commission vs. SolarWinds Corporation, et al., Case
 12 Number 23-CV-9518-PAE.
 13 This deposition is being held at Dorsey
 14 Whitney, LLP, 50 South Sixth Street, Suite 1500 in
 15 Minneapolis, Minnesota.
 16 Today's date is July 26th, 2024, and the time
 17 on the video monitor is 8:37 a.m., Central Daylight Time.
 18 My name is Steven Smith, the legal video specialist.
 19 Would counsel and all present please voice-
 20 identify themselves.
 21 MR. BRUTLAG: This is Benjamin Brutlag
 22 from the U.S. Securities and Exchange Commission.
 23 MS. WARDEN: Kristen Warden from the
 24 U.S. Securities and Exchange Commission.
 25 MR. BERKOWITZ: Sean Berkowitz from

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Exhibit 16.....	184 SolarWinds Corporation NYSE: SWI FQ4 2020 Earnings Call Transcripts (20 pages)	
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1 Latham & Watkins on behalf of SolarWinds.
 2 MS. LEE: And Kristen Lee from Latham &
 3 Watkins on behalf of SolarWinds.
 4 MR. ROWE: Mike Rowe on behalf of the
 5 witness, Mike Hedberg.
 6 THE VIDEOGRAPHER: Thank you very much.
 7 Would the court reporter, please, swear in the
 8 witness and we may proceed.
 9 THE REPORTER: Raise your right hand.
 10 MATTHEW HEDBERG,
 11 After having been first duly sworn, was called as a
 12 witness and testified as follows:
 13 THE REPORTER: Thank you.
 14 EXAMINATION
 15 BY MR. BRUTLAG:
 16 Q. Mr. Hedberg, thanks very much for joining us this morning.
 17 A. Sure.
 18 Q. I introduced myself before we went on the
 19 record. My name is Benjamin Brutlag with the
 20 U.S. Securities and Exchange Commission.
 21 First question is, have you ever previously
 22 provided sworn testimony?
 23 A. I have not.
 24 Q. All right. So I just wanted to provide you

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<p>1 So now, have you discussed cybersecurity 2 issues generally with customers in your work? 3 MR. BERKOWITZ: Same objection. 4 A. So you're asking just in general? 5 BY MR. BRUTLAG: 6 Q. In general, yes. 7 A. Not a particular company? 8 Q. Right. 9 A. Could you repeat the question? 10 Q. Sure. Have customers discussed cybersecurity 11 issues generally to you? 12 A. Yes. 13 Q. Okay. And what sort of cybersecurity issues 14 have you discussed with customers? 15 MR. BERKOWITZ: Form. 16 A. Generally, it's around, you know, the efficacy 17 of products, you know, are they doing what they are 18 supposed to do, how do they compare with alternative 19 security products, things of that nature. 20 BY MR. BRUTLAG: 21 Q. So the comments that you've received -- or 22 discussions you've had with customers regarding 23 cybersecurity have focused on specific products? 24 A. Yes. 25 Q. Okay. And is the products that customers have</p>	<p>1 A. We publish general industry reports, white 2 papers, primers, general financial -- you know -- you 3 know, quarterly recaps, quarterly previews, things of that 4 nature. 5 Q. And specific to the same industry, the 6 software industry? 7 A. Yes. 8 Q. Have any of those research reports addressed 9 cybersecurity? 10 A. Yes. 11 Q. Can you just name a few for us off the top of 12 your head? 13 A. Reports? 14 Q. Any of those reports that you've issued that 15 have addressed cybersecurity? 16 A. We've written cybersecurity primers to kind of 17 give investors a perspective of the cybersecurity 18 landscape, we publish reports on, you know, how generally 19 cybersecurity companies are trending, things of that 20 nature. 21 Q. And is this based upon your experience just in 22 your regular line of equity coverage of companies, or do 23 you do additional research in preparation for these 24 primers? 25 A. I guess I don't understand the question.</p>
<p>25</p> <p>1 used or already purchased from a company? 2 A. They could be. 3 Q. Why do you say they might not be? 4 A. Well, they could be future purchases. 5 Q. Are you familiar with SolarWinds Corp.? 6 A. Yes. 7 Q. And was SolarWinds Corp. one of the companies 8 you covered in 2020? 9 A. Yes. 10 Q. Do you still cover SolarWinds Corp.? 11 A. Yes. 12 Q. And when did you first institute coverage of 13 SolarWinds? 14 A. I don't recall the exact date, but it would 15 have been during the IPO process. 16 Q. So after the company IPOed, would that have 17 been around 2018? 18 A. I don't remember exactly. If that's when it 19 was, then yes, but I don't remember the exact time frame. 20 Q. And you've covered SolarWinds continuously 21 since then? 22 A. Yes. 23 Q. So we discussed your equity research reports. 24 Have you drafted any other form of published 25 reports in your work at RBC Capital Markets?</p>	<p>27</p> <p>1 Q. Do you do any additional research beyond your 2 normal equity coverage in order to prepare these primers? 3 A. Not really. It's just part of, you know -- 4 it's just part of our -- just my job. I wouldn't say 5 there's anything additional. 6 Q. And in preparing primers including those that 7 address cybersecurity, did customer feedback inform your 8 analysis in connection with those reports? 9 MR. BERKOWITZ: Object to the form. 10 A. So is the question does customer feedback 11 contribute to our cybersecurity primers? 12 BY MR. BRUTLAG: 13 Q. Yes. 14 A. Yes. 15 Q. All right. And how? 16 A. Influence us in thinking what are trends 17 today, where they might go in the future. Cybersecurity 18 is a broad category. There's lots of different 19 subcategories within cybersecurity. Some are trending up, 20 some are trending down. 21 Q. And what about customer feedback with respect 22 to specific equity research reports regarding a particular 23 company; does customer feedback inform your analysis in 24 connection with those? 25 A. So is the question...</p>

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1 **A.** Correct.
 2 **Q.** Okay. Next is, "Access Controls" on that same
 3 page, page 11. Under "Role Based Access," it says, "Role
 4 based access controls are implemented for access
 5 information systems."
 6 Is that also an industry best practice?
 7 **A.** Yes.
 8 **Q.** And why is role-based access controls, why is
 9 that industry best practice?
 10 **A.** Because there are a lot of roles in an
 11 organization, and you need to limit who has access to
 12 what, and so by implementing role-based access, it
 13 ensures that Employee A doesn't have the same access as
 14 Employee B or C, because different roles exist within an
 15 organization.
 16 **Q.** And why is it important that Employee A in
 17 this example doesn't have access to information that
 18 should be provided to Employee B or C?
 19 **A.** Because Employee A maybe doesn't need access
 20 to it, and it could open up a vulnerability if that
 21 employee's access is compromised and they have access to
 22 something that they shouldn't. Or, if there's a bad
 23 actor, and that Employee A, that doesn't have access to
 24 something, is doing something malicious internally, it's
 25 another standard just to have individual roles locked down

1 BY MR. BRUTLAG:
 2 **Q.** Would you expect statements published by
 3 SolarWinds, like in Hedberg Exhibit 4, on its website
 4 relating to cybersecurity to be accurate?
 5 **A.** You're referencing this document?
 6 **Q.** Yes.
 7 **A.** Would I expect this to be accurate?
 8 **Q.** Yes.
 9 **A.** Yes.
 10 **Q.** And why do you say that?
 11 **A.** Because there's a certain level of trust.
 12 There's only so much that we can do to determine what a
 13 company's doing, so relying on statements is, you know, an
 14 important part of analysis.
 15 **Q.** What can do you to confirm the accuracy of
 16 statements made by a company like SolarWinds --
 17 **A.** It's very difficult because you're not inside
 18 the company. You have no idea what's going on. I can't
 19 read emails, I can't -- you know, generally, I can't talk
 20 to employees.
 21 **Q.** So what can you do? What are your resources
 22 in order to determine whether or not this is accurate?
 23 **A.** Seeing what management is saying or
 24 publishing, talking to third party participants, like I
 25 said before, or perhaps customers.

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1 to their particular task in an organization and really
 2 know more.
 3 **Q.** So you expect any company that you cover to
 4 engage in role-based access controls?
 5 **A.** Yes.
 6 **Q.** Next to the software development lifecycle,
 7 also on page 11.
 8 What is the software development lifecycle?
 9 **A.** Generically, its business owners have needs
 10 for software. They convey them to developers. It gets
 11 back to that DevOps comment that we talked about earlier
 12 where business owners or operations work with developers
 13 to develop software, so the software development lifecycle
 14 is that whole process to go from idea to the end product,
 15 which is a piece of software.
 16 **Q.** And so for any company that produces software
 17 that you cover, is it an expectation that they would
 18 follow the software development lifecycle?
 19 **A.** Yes.
 20 **Q.** Because it's industry best practice?
 21 **A.** Yes.
 22 **Q.** So there's an expectation specifically that
 23 SolarWinds would follow SDL?
 24 MR. BERKOWITZ: Object to the form.
 25 **A.** Yes.

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1 **Q.** And do you specifically expect cybersecurity
 2 statements in Hedberg Exhibit 4 --
 3 (Reporter clarification.)
 4 BY MR. BRUTLAG:
 5 **Q.** And do you specifically expect statements in
 6 Hedberg Exhibit 4 to be accurate?
 7 **A.** Yes.
 8 MR. BERKOWITZ: Object to form,
 9 foundation.
 10 BY MR. BRUTLAG:
 11 **Q.** As part of your equity research analysis, do
 12 you follow changes on company websites?
 13 **A.** Yes.
 14 **Q.** And how do you do that?
 15 **A.** I use the Wayback Time Machine, you know, just
 16 kind of understanding what's on a website and what's new.
 17 You just notice things.
 18 **Q.** And why do you do that as part of your
 19 analysis, go back to the Wayback Machine?
 20 **A.** To understand what's changed.
 21 **Q.** But why?
 22 **A.** Change is important, to be able to identify
 23 when things change.
 24 **Q.** What if changes are made to a company's
 25 cybersecurity page; would you pay attention to that?

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<p>1 essential hit to the company's reputational risk, it could 2 lead to investors selling SolarWinds' stock; right? 3 A. Yes. 4 Q. All right. Now, if we go to risks on the 5 second page, there's a reference to a cyber attack. 6 That's Risk Number 6. 7 Why was the recent cyber attack added as a 8 risk factor here? 9 A. It creates uncertainty, and we just talked 10 about it. Until more details come out, there's a bit of 11 an unknown. 12 Q. Is there any -- does the numbering of the 13 risks, does that have any relation to their relative 14 importance? 15 A. No. 16 Q. So even though this is Risk Number 6, this 17 could be potentially the most important risk to the 18 company? 19 MR. BERKOWITZ: Object to the form. 20 A. It's not in -- it's -- the list is arbitrary. 21 BY MR. BRUTLAG: 22 Q. And how significant was the risk as you saw it 23 from Sunburst when it was first disclosed? 24 MR. BERKOWITZ: Object to the form. 25 A. Significant.</p>	<p>1 break. 2 Let's go off the record. 3 THE VIDEOGRAPHER: Going off the record, 4 the time is 10:36 a.m. 5 (Whereupon, a recess was taken 6 from 10:36 a.m. to 10:48 a.m.) 7 THE VIDEOGRAPHER: Back on the record, 8 and the time is 10:48 a.m. 9 BY MR. BRUTLAG: 10 Q. So we earlier discussed, in connection with 11 the security statement, user access controls. 12 What's your understanding of what "user access 13 controls" refers to? 14 MR. BERKOWITZ: Object to the form. 15 A. Can I look at the document again or is it -- 16 or are you referencing a prior document? 17 BY MR. BRUTLAG: 18 Q. Just the term "user access controls." 19 A. You know, we were talking about role-based 20 access, but you know, user -- the term, again, that you 21 wanted? 22 Q. "User access controls." 23 A. Yeah, it's similar to role-based controls, but 24 making sure certain people have access to certain 25 functions and data.</p>
<p>89</p> <p>1 BY MR. BRUTLAG: 2 Q. Why do you say "significant"? 3 A. Because of the unknown nature of what could 4 come. 5 Q. And could the increased reputational risk 6 impact SolarWinds' ability to continue to attract 7 business? 8 A. Yes. 9 Q. Other than the reputational risk, were you 10 considering any other risks associated with the cyber 11 attack? 12 A. From what perspective? 13 Q. For example, potential impact on customers, 14 themselves? 15 A. Yes. 16 Q. And what sort of risk did you see as 17 potentially impacting SolarWinds' customers? 18 A. What risk did I see to SolarWinds' customers? 19 Q. From the cyber attack. 20 A. If they were part of the incident, like, if 21 their data was lost, that could cause increased levels of 22 churn that we talked about earlier. Concerned about a 23 customer's willingness to buy more software, all that's 24 important. 25 MR. BRUTLAG: Why don't we take a brief</p>	<p>91</p> <p>1 Q. All right. And is it important -- is it 2 important that only authorized users have access to 3 company systems? 4 A. Yes. 5 Q. And why is that? 6 A. Because unauthorized access can lead to bad 7 things. 8 Q. All right. And are you familiar with the term 9 "administrator access"? 10 A. Yes. 11 Q. And what is that? 12 A. Administrator is access to everything. 13 Q. So it's a greater level of access to company 14 systems? 15 A. Yes, yes. 16 Q. Assuming it's true, would you want to have -- 17 to know that, you know, contrary to company policy, many 18 employees at SolarWinds had administrator access rights? 19 MR. BERKOWITZ: Object to the form. 20 MR. ROWE: Object to the form. 21 A. Is it important -- would it be important to 22 know that? 23 BY MR. BRUTLAG: 24 Q. Yes. 25 A. Yeah. It's generally not something that's</p>

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<p>1 discussed, but yeah, if that were -- if we were aware of 2 that, that would be potentially bad.</p> <p>3 Q. And how could it impact your analysis if many 4 SolarWinds' employees had admin rights beyond what they 5 should have been authorized to have?</p> <p>6 MR. BERKOWITZ: Object to the form.</p> <p>7 MR. ROWE: Object to the form.</p> <p>8 A. It increases the risk for unauthorized access 9 to certain information. It increases the risk. It 10 doesn't guarantee it, but it increases the risk.</p> <p>11 BY MR. BRUTLAG:</p> <p>12 Q. Would it also increase the risk if 13 unauthorized employees had administrator rights for 14 prolonged periods of multiple years?</p> <p>15 A. Yes.</p> <p>16 Q. And why is that?</p> <p>17 A. It increases the risk.</p> <p>18 Q. And it increases the risk for what?</p> <p>19 A. Unauthorized access.</p> <p>20 Q. Which could be a bad thing for a company?</p> <p>21 A. Which could be a bad thing.</p> <p>22 (Whereupon, Exhibit 7 was 23 marked.)</p> <p>24 BY MR. BRUTLAG:</p> <p>25 Q. I've handed you a document marked as Hedberg</p>	<p>1 A. No.</p> <p>2 Q. So if we go through this email, Ms. Pierce is 3 reporting to Rani and Tim, she says, "I have been working 4 with Eric and Nelson on the SWICUS self-assessment and 5 want to raise awareness around some of the deficiencies 6 identified."</p> <p>7 She then goes on to list several deficiencies 8 as well as, at the bottom, providing a summary of security 9 controls, generally, for the "Summary of Security 10 Controls."</p> <p>11 Do you see that chart at the bottom of the 12 page?</p> <p>13 A. Yes.</p> <p>14 Q. She provides percentages. So for the security 15 controls "not met," it's a percentage of 27 percent.</p> <p>16 We, then, go through some of the specific, as 17 she says, deficiencies that were identified. Ms. Pierce 18 emphasizes under "User Account Management," the first 19 white bullet is, "Local administer rights are not 20 prohibited nor tracked."</p> <p>21 Also, a third white bullet is, "Access is not 22 audited nor monitored."</p> <p>23 Do you see that?</p> <p>24 A. Yes.</p> <p>25 Q. Did you know this previously?</p>
<p>93</p> <p>1 Exhibit Number 7. It's an email from Kellie Pierce to 2 Rani Johnson and Tim Brown, all at SolarWinds, dated 3 September 18, 2019 at 1:45 p.m., Bates Number is 4 SW-SEC00151471, and there's also a native attachment that 5 we've included with this exhibit.</p> <p>6 So this is an internal document at SolarWinds, 7 so I expect it's correct that you have not seen this 8 before; is that right?</p> <p>9 A. Correct. Correct.</p> <p>10 Q. So if we look at this email, the subject line 11 is, "SWICUS: Security Risk Assessment," and Ms. Pierce is 12 writing to Ms. Johnson and Mr. Brown.</p> <p>13 Do you know any of those individuals?</p> <p>14 A. I know Mr. Brown.</p> <p>15 Q. Who is Mr. Brown?</p> <p>16 A. I believe he's the CISO of SolarWinds.</p> <p>17 Q. Chief Information Security Officer?</p> <p>18 A. Correct.</p> <p>19 Q. And that's his current position; is that 20 right?</p> <p>21 A. Correct.</p> <p>22 Q. Do you know if he held that position in 2019?</p> <p>23 A. I don't know.</p> <p>24 Q. Have you previously heard of Rani Johnson 25 Kellie Pierce?</p>	<p>95</p> <p>1 MR. ROWE: Object to the form.</p> <p>2 A. No.</p> <p>3 BY MR. BRUTLAG:</p> <p>4 Q. We'll keep on going through the user access 5 management bullets.</p> <p>6 "Logical access rights are not disabled if not 7 used within 30 days."</p> <p>8 Below the "Access is not audited nor 9 monitored," she writes, "No separation of duties related 10 to implemented. There is no limit to the number of 11 concurrent sessions for privileged and non-privileged 12 access, and there is no session lockout timing set."</p> <p>13 Is this something that you would want to know?</p> <p>14 MR. BERKOWITZ: Object to the form.</p> <p>15 BY MR. BRUTLAG:</p> <p>16 Q. Did you know any of these facts prior to 17 today?</p> <p>18 MR. BERKOWITZ: Object to form.</p> <p>19 MR. ROWE: Object to form.</p> <p>20 BY MR. BRUTLAG:</p> <p>21 Q. You can answer.</p> <p>22 A. Okay. I'm uncertain.</p> <p>23 MR. ROWE: You can answer, yes.</p> <p>24 BY MR. BRUTLAG:</p> <p>25 Q. That's fine.</p>

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<p>1 deficiencies in user access management."</p> <p>2 Is it, in your experience, best practice for</p> <p>3 companies in the software industry to have "significant</p> <p>4 deficiencies in user access management"?</p> <p>5 MR. BERKOWITZ: Object to foundation;</p> <p>6 form.</p> <p>7 A. No.</p> <p>8 BY MR. BRUTLAG:</p> <p>9 Q. So just to be clear, is it a best practice to</p> <p>10 have significant deficiencies in user access management?</p> <p>11 A. That is not a best practice.</p> <p>12 Q. All right. Does it give you any concern to</p> <p>13 see SolarWinds identifying both "significant deficiencies</p> <p>14 in user access management"?</p> <p>15 MR. ROWE: Object to the form.</p> <p>16 MR. BERKOWITZ: Object to the form.</p> <p>17 A. Is that in the reference to the 3.3?</p> <p>18 BY MR. BRUTLAG:</p> <p>19 Q. Yes. On Bates Number ending in 1611.</p> <p>20 A. I guess -- is the up arrow with 3.3, is</p> <p>21 that --</p> <p>22 Q. That's the target, right, for 2020, but just</p> <p>23 the key risk identified of "significant deficiencies in</p> <p>24 user access management."</p> <p>25 A. Okay. I wasn't sure if I should be looking at</p>	<p>1 thing you're asking about?</p> <p>2 BY MR. BRUTLAG:</p> <p>3 Q. SolarWinds was identifying as -- significant</p> <p>4 deficiencies in user access management as a key risk?</p> <p>5 MR. ROWE: Can I interpose?</p> <p>6 MR. BRUTLAG: Sure.</p> <p>7 MR. ROWE: You're asking him questions</p> <p>8 about a document that he's never seen and asking him to</p> <p>9 interpret what it could or could not mean, and I just want</p> <p>10 a standing objection to the extent you continue to ask him</p> <p>11 about this document seems problematic to me.</p> <p>12 A. Part of that was the question about the</p> <p>13 numbers. I guess I'm not sure what 3.3 is. I'm not sure</p> <p>14 what up arrow, I'm not sure what the colors signify.</p> <p>15 BY MR. BRUTLAG:</p> <p>16 Q. Would you have wanted to know that SolarWinds</p> <p>17 was identifying significant deficiencies in user access</p> <p>18 management as a key risk in 2020?</p> <p>19 MR. BERKOWITZ: Same objection. I think</p> <p>20 it's incredibly misleading that you continue to put</p> <p>21 documents, don't explain the context, and then ask him if</p> <p>22 he would have wanted to know it, and that's unfair. And</p> <p>23 there will be a standing objection.</p> <p>24 MR. BRUTLAG: That's fine.</p> <p>25 A. So restate the question.</p>
<p>105</p> <p>1 the numbers.</p> <p>2 So maybe just restate the question.</p> <p>3 Q. Just looking at the "Key Risk" column;</p> <p>4 right?</p> <p>5 A. Yes.</p> <p>6 Q. Under "Significant deficiencies in user access</p> <p>7 management," does it give you any concern to see</p> <p>8 SolarWinds identifying this deficiency in user access</p> <p>9 management?</p> <p>10 MR. BERKOWITZ: Object to the form.</p> <p>11 MR. ROWE: Objection.</p> <p>12 A. I guess implying that listing it here is a</p> <p>13 risk. I guess I don't know if that's in relationship to</p> <p>14 the numbers or not, but if the question is, if having</p> <p>15 significant deficiencies of user access management under</p> <p>16 "Risk," if that's problematic?</p> <p>17 BY MR. BRUTLAG:</p> <p>18 Q. Yes.</p> <p>19 A. Yes.</p> <p>20 Q. Did you know if this was a key risk for</p> <p>21 SolarWinds in 2020?</p> <p>22 A. No.</p> <p>23 MR. BERKOWITZ: Object to the form.</p> <p>24 MR. ROWE: Objection.</p> <p>25 MR. BERKOWITZ: Define -- what's the</p>	<p>107</p> <p>1 BY MR. BRUTLAG:</p> <p>2 Q. Sure. Now that you are seeing this, would you</p> <p>3 have wanted to know that SolarWinds was identifying as a</p> <p>4 key risk significant deficiencies in user access</p> <p>5 management?</p> <p>6 A. Well, I guess when you say "see this," I guess</p> <p>7 I don't understand the context of "this," but if the</p> <p>8 question is would understanding significant deficiencies</p> <p>9 in user access management, if that was identified as a</p> <p>10 risk, yes, that's important.</p> <p>11 Q. And why would it be important to your</p> <p>12 evaluation of SolarWinds?</p> <p>13 A. Because sufficient deficiencies in user access</p> <p>14 management could imply unauthorized access, which could be</p> <p>15 problematic.</p> <p>16 Q. When you say "problematic," again, that could</p> <p>17 impact customer churn?</p> <p>18 A. Correct.</p> <p>19 Q. And so significant deficiencies in user</p> <p>20 aspect -- access management could ultimately result in</p> <p>21 reduced revenues for SolarWinds?</p> <p>22 MR. BERKOWITZ: Object to the form.</p> <p>23 A. Correct.</p> <p>24 BY MR. BRUTLAG:</p> <p>25 Q. All right. If you go to the section marked</p>

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<p>1 Do you see that with Count 16 here?</p> <p>2 A. Yes. It says 15.</p> <p>3 Q. 15, all right.</p> <p>4 So for Count 16 onto the specific control, it</p> <p>5 says, "The organization employs the principle of least</p> <p>6 privilege allowing only authorized access for users."</p> <p>7 Then under "Supplemental Guidance," it says,</p> <p>8 "Organizations employ least privilege for specific duties</p> <p>9 and information systems. The principle of least privilege</p> <p>10 also applies to information system processes ensuring that</p> <p>11 the processes operate at privileged levels no higher than</p> <p>12 necessary to accomplish required organizational missions</p> <p>13 and business functions."</p> <p>14 Do you see that?</p> <p>15 A. Yes.</p> <p>16 Q. So is this the concept of least privileged</p> <p>17 that we were discussing earlier where only certain</p> <p>18 analysis' are provided -- only certain systems are</p> <p>19 provided that -- scratch that.</p> <p>20 Does this refer to what we were discussing</p> <p>21 earlier where employees were provided with only access to</p> <p>22 company systems associated with their work function?</p> <p>23 MR. BERKOWITZ: Object to the form.</p> <p>24 MR. ROWE: Objection to the foundation.</p> <p>25 You're, again, asking him about what appears to be</p>	<p>1 what Ms. Pierce means by whatever it is she put in this</p> <p>2 document. I'm not trying to be an obstructionist. God</p> <p>3 knows I want to get out of here.</p> <p>4 MR. BRUTLAG: I understand.</p> <p>5 MR. ROWE: It's awfully hard to answer a</p> <p>6 document -- questions about a document you've never seen,</p> <p>7 especially when it's come across as this.</p> <p>8 MR. BRUTLAG: Understood.</p> <p>9 BY MR. BRUTLAG:</p> <p>10 Q. I mean, that being said, would you expect that</p> <p>11 SolarWinds would have audited its access controls, in</p> <p>12 particular with respect to this least privilege control by</p> <p>13 2019?</p> <p>14 MR. BERKOWITZ: Objection; form,</p> <p>15 foundation.</p> <p>16 BY MR. BRUTLAG:</p> <p>17 Q. You can answer.</p> <p>18 MR. BERKOWITZ: Assumes --</p> <p>19 A. Yeah, I would assume that an audit would be in</p> <p>20 place for security parameters.</p> <p>21 BY MR. BRUTLAG:</p> <p>22 Q. All right. Now that you've seen this, would</p> <p>23 you have wanted to have known at the time, in 2019, when</p> <p>24 you were covering SolarWinds?</p> <p>25 MR. BERKOWITZ: Object to the form of</p>
<p>117</p>	<p>119</p>

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<p>1 Q. And potentially reduce its revenues, as well?</p> <p>2 A. Correct.</p> <p>3 Q. Just generally, is it industry best practice</p> <p>4 for companies in the software industry to audit their user</p> <p>5 access controls?</p> <p>6 MR. BERKOWITZ: Object to the form.</p> <p>7 A. Yes.</p> <p>8 BY MR. BRUTLAG:</p> <p>9 Q. And specifically, that only authorized users</p> <p>10 had access to certain systems?</p> <p>11 A. That's part of an audit, typically, yes.</p> <p>12 Q. If we go down to row -- or Count 19, I'm going</p> <p>13 to take you left, and then go through the comments, as</p> <p>14 well.</p> <p>15 So this is another control for access control,</p> <p>16 least privilege, privileged accounts. The control is "The</p> <p>17 organization restricts privileged accounts on the</p> <p>18 information system to organization defined personnel or</p> <p>19 roles."</p> <p>20 Do you see that?</p> <p>21 A. Yes.</p> <p>22 Q. It includes under "Supplemental Guidance,"</p> <p>23 "Privileged accounts are typically described as system</p> <p>24 administrator for various types of commercial</p> <p>25 off-the-shelf operating systems."</p>	<p>1 was being controlled for and go back again to Ms. Pierce's</p> <p>2 comments, whatever's easiest for you in responding to the</p> <p>3 question.</p> <p>4 A. It is what you just read previously, the other</p> <p>5 column over.</p> <p>6 Q. Yeah.</p> <p>7 A. And so the question is what?</p> <p>8 Q. Is, would it concern you that, if accurate,</p> <p>9 the company under this control did not have an explicit</p> <p>10 restriction policy regarding access by administrator</p> <p>11 accounts?</p> <p>12 MR. BERKOWITZ: Object to form and</p> <p>13 foundation.</p> <p>14 A. Yeah, if there's -- yes, it would, if there's</p> <p>15 no restriction to the prior policy that was read.</p> <p>16 BY MR. BRUTLAG:</p> <p>17 Q. I mean, seeing this, would you have wanted to</p> <p>18 know what's stated here in this internal document?</p> <p>19 MR. BERKOWITZ: Object to the form.</p> <p>20 A. Yes.</p> <p>21 BY MR. BRUTLAG:</p> <p>22 Q. All right. And why is that?</p> <p>23 A. Because it could increase the risk of</p> <p>24 unauthorized access.</p> <p>25 Q. And how would that have impacted your analysis</p>
<p>121</p> <p>1 Do you see that?</p> <p>2 A. Yes.</p> <p>3 Q. If we, then, go to Ms. Pierce's statements,</p> <p>4 her comments. It says, "Also, on 6/27, we have no</p> <p>5 explicit restriction policy, nor is this documented that I</p> <p>6 am aware of with a company or individual products."</p> <p>7 Do you see that?</p> <p>8 A. Yes.</p> <p>9 Q. Does it concern you that, if accurate, the</p> <p>10 company did not have a, quote, "explicit restriction</p> <p>11 policy" regarding access by administrator accounts?</p> <p>12 MR. BERKOWITZ: Object to the form. Are</p> <p>13 you saying would it concern him about not having it all or</p> <p>14 this specific product?</p> <p>15 MR. BRUTLAG: It says, "Organization,"</p> <p>16 under the control.</p> <p>17 MS. LEE: And it also says "the</p> <p>18 information system."</p> <p>19 BY MR. BRUTLAG:</p> <p>20 Q. Go ahead.</p> <p>21 Do you want to look at the control further to</p> <p>22 answer the question?</p> <p>23 A. Is that not what we referenced earlier?</p> <p>24 Q. That's what we were referencing, yeah. I can</p> <p>25 go ahead and show you a specific control, what it says it</p>	<p>123</p> <p>1 as to whether or not investors should purchase or sell</p> <p>2 SolarWinds' stock?</p> <p>3 MR. BERKOWITZ: Object to the form.</p> <p>4 A. It could increase the risk of a hack or a</p> <p>5 breach, data loss, customer loss, also revenue.</p> <p>6 BY MR. BRUTLAG:</p> <p>7 Q. And again, that could impact your analysis as</p> <p>8 to whether or not investors should purchase SolarWinds'</p> <p>9 stock; is that right?</p> <p>10 A. Yes.</p> <p>11 Q. If you wanted to know more in response to any</p> <p>12 of these controls that we are looking at and the comments</p> <p>13 for Ms. Pierce, what would you have done? Where would you</p> <p>14 go for further information?</p> <p>15 A. CEO, CFO, investor relations, typical points</p> <p>16 of contact.</p> <p>17 Q. All right. What questions would you have</p> <p>18 asked?</p> <p>19 A. If I knew of this document?</p> <p>20 Q. If you had seen that document.</p> <p>21 A. Why isn't -- why have not audits been</p> <p>22 performed? Why aren't passwords being rotated, password</p> <p>23 restrictions? I mean, I guess in terms of -- I don't</p> <p>24 remember the specifics of that document, but I guess the</p> <p>25 context of the question is around what we've been talking</p>

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1 know what the context of this is.
 2 BY MR. BRUTLAG:
 3 **Q.** I'll just represent to you that Orion
 4 improvement programs that you know, it collects, evaluates
 5 performance and usage data from SolarWinds' customers.
 6 **A.** Okay.
 7 **Q.** So outward facing.
 8 I mean, how would it affect your assessment of
 9 whether directly linked to investors that, you know, they
 10 buy or sell SolarWinds' stock if one of these outer-facing
 11 programs was not subject to software development
 12 lifecycle?
 13 MR. BERKOWITZ: Object to the form and
 14 the characterization and the SEC testifying about what it
 15 is.
 16 BY MR. BRUTLAG:
 17 **Q.** Okay. All right. So I'll strike the
 18 question, then.
 19 Did you know the statement made at the top of
 20 677 that OIP today, that product is not covered by a
 21 software development lifecycle?
 22 **A.** I did not know that.
 23 **Q.** Okay. Now that, assuming that this is
 24 accurate, now that you know that internally SolarWinds was
 25 saying that in June 2020, would you have wanted to know

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1 **A.** Seeing that this particular individual, it
 2 says but it should be, leads me to believe it's important.
 3 BY MR. BRUTLAG:
 4 **Q.** All right. And why would it be important for
 5 particular applications to be covered by the software
 6 development lifecycle?
 7 MR. BERKOWITZ: Object to the form.
 8 **A.** To know that, you know, a company's following
 9 standard practice to write code and to promote code.
 10 BY MR. BRUTLAG:
 11 **Q.** And is it important to your analysis of
 12 whether or not investors should purchase SolarWinds' stock
 13 that the company was not covering a software development
 14 lifecycle, particular applications that it says should
 15 have been?
 16 MR. BERKOWITZ: Object to the form.
 17 **A.** It feels -- it's hard without context. I
 18 don't know the importance of this, if this is material, if
 19 this is important. I guess it's just hard without knowing
 20 a lot of the context. Some of the other stuff you talked
 21 about strikes me as more troublesome. I don't know that
 22 this is in and of itself -- it's hard to know.
 23 BY MR. BRUTLAG:
 24 **Q.** What was more troublesome in your view that
 25 we've discussed again today?

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1 that statement?
 2 MR. BERKOWITZ: Object to the form.
 3 MR. ROWE: Same.
 4 **A.** You know, the -- the context is still limited.
 5 I mean, just by reading that -- just looking at what he
 6 said but we should seems like -- I mean, again, I have no
 7 context of this, but, you know, if it's not being covered
 8 and we should, that strikes me as interesting.
 9 BY MR. BRUTLAG:
 10 **Q.** And why would it be interesting that
 11 particular applications at SolarWinds that should be
 12 covered by SDL were not?
 13 MR. BERKOWITZ: Object to the form.
 14 "Should be covered."
 15 BY MR. BRUTLAG:
 16 **Q.** According to the SolarWinds employee?
 17 **A.** Again, I don't have a lot of context.
 18 So is the question that this OIP was not
 19 following a typical software development lifecycle, is
 20 that problematic?
 21 **Q.** No. Specifically, that employees are saying
 22 that particular applications should be covered by software
 23 development lifecycle but were not?
 24 MR. BERKOWITZ: Object to the form;
 25 foundation.

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1 **A.** Not changing passwords, not adhering by at
 2 least privileged access.
 3 **Q.** All right.
 4 **A.** You know, following whether a piece of
 5 software or didn't follow MSLP practice, it's hard to know
 6 if that would have been deemed a bad thing. It may have
 7 raised a question with an executive. Again, we don't
 8 normally have access to documents like this, so I don't
 9 normally see any stuff like this.
 10 **Q.** Why would it raise a question to an executive,
 11 if a particular application did not fall with the SDL --
 12 **A.** "I don't believe we cover OIP today but we
 13 should."
 14 (Reporter clarification.)
 15 **A.** It says, "I don't believe we cover OIP today
 16 but we should."
 17 It would lead to a follow-up question of why,
 18 why should it.
 19 BY MR. BRUTLAG:
 20 **Q.** Okay. And if particular applications were not
 21 covered by the SDL but should have been, could that have
 22 led to customer churn, as well?
 23 MR. BERKOWITZ: Object to form;
 24 foundation.
 25 **A.** It's hypothetical. Maybe. It's hard for me

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1 THE VIDEOGRAPHER: Time is 3:10 p.m. We
2 are going off the record. This ends the deposition from
3 Matt Hedberg. Thank you very much, everyone.
4 (The video deposition of Matthew Hedberg
5 concluded at approximately 3:10 p.m.)

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CERTIFICATE OF WITNESS

I, MATTHEW HEDBERG, do hereby declare under
penalty of perjury that I have read the entire
foregoing transcript of my deposition testimony,
or the same has been read to me, and certify that
it is a true, correct and complete transcript of
my testimony given on July 26, 2024, save and
except for changes and/or corrections, if any, as
indicated by me on the attached Errata Sheet, with
the understanding that I offer these changes and/or
corrections as if still under oath.

I have made corrections to my deposition.
 I have NOT made any changes to my deposition.

Signed: _____
MATTHEW HEDBERG

Dated this _____ day of _____ of 20 _____.
SUBSCRIBED AND SWORN BEFORE ME
THIS _____ DAY OF _____, 20 _____.
(Notary Public) My Commission Expires: _____

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ERRATA SHEET

Deposition of: MATTHEW HEDBERG

Date taken: JULY 26, 2024

Case: SEC v. SOLARWINDS CORP., et al.

PAGE LINE

CHANGE: _____

REASON: _____

Signed _____

Dated _____

1 CERTIFICATE
2 I, Barbara J. Carey, Registered Professional
3 Reporter and Certified Shorthand Reporter, do hereby
4 certify that prior to the commencement of the examination,
5 Matthew Hedberg was duly sworn by me to testify to the
6 truth, the whole truth and nothing but the truth.

7 I DO FURTHER CERTIFY that the foregoing is a
8 verbatim transcript of the testimony as taken
9 stenographically by me at the time, place and on the date
10 hereinbefore set forth, to the best of my ability.

11 I DO FURTHER CERTIFY that I am neither a
12 relative nor employee nor attorney nor counsel of any of
13 the parties to this action, and that I am neither a
14 relative nor employee of such attorney or counsel, and
15 that I am not financially interested in the action.

16

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19

20 BARBARA J. CAREY

21 Registered Professional Reporter

22 Certified Shorthand Reporter

23 Notary Public

24 Dated: August 6, 2024

25

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